



**DEFENSE LOGISTICS AGENCY**  
**THE DEFENSE CONTRACT MANAGEMENT COMMAND**  
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FEB 7 1997

IN REPLY  
REFER TO

AQOE

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT  
DISTRICTS  
COMMANDERS, DCMC CONTRACT ADMINISTRATION  
OFFICES

SUBJECT: DCMC Memorandum No. 97-21, Strategy and Metrics for Terminations for  
Convenience (POLICY)

This is a POLICY memorandum. It expires when changes are put in the FY97 DCMC Metrics Guidebook and DCMC Business Plan. Target Audience: All DCMC employees involved in doing or managing terminations for convenience.

Task 1.3.2 in the DCMC FY97 Business Plan addresses terminations for convenience. The metric is overage dockets (dockets >2 years old without a proposal on hand, or >1 year with a proposal on hand) and the goal is no more than 15% overage. Many of you have criticized the metric and goal as not focused on the right things. We have heard you and agree.

Feedback from customers indicates that what they most want is return of the money not needed for settlement. We would like to be able to show them that we are estimating settlement amounts reasonably well after the termination notice has been received, and deobligating excess funds quickly. We currently don't have a way to get the data to see if we are doing that, but the next generation of the Terminations Automated Management System should give us the data to investigate. Pending those results, our best option is to close the dockets as quickly as possible. This puts the focus on getting whatever money is left after settlement back to the buying activity sooner. This changes our focus from an acceptable level of old dockets to reducing the cycle time.

Therefore, we are changing the metric from overage dockets to cycle time. That's the good news. The bad news is the current cycle time is 843 days. It should be 730 days. Our strategy is to divide and conquer. Any docket that has funds that cancel at the end of this fiscal year shall be settled this year -- we do not want our customers to have to use new procurement dollars to pay termination claims because we didn't settle before the money canceled. Any other docket that is more than 730 days as of January 1, 1997, should also be settled by the end of this fiscal year -- this is where the largest dollars are and where our highest return on investment has historically occurred. Any other docket that is currently less than 730 days as of January 1, 1997 (any docket after January 1, 1995), should be managed so as not to exceed the 730 days.

We appreciate the field input and assistance in developing the customer focused metric and goals described above. The FY97 Business Plan and Metric Guidebook are being changed to reflect the new approaches and your plans should be changed accordingly. The first reporting of progress toward the new goal will be at the March monthly management review. Attachment 1 has the new reporting instructions. Reporting shall begin in March 1997, capturing the February 1997 closeouts. Data collection shall be manual until the metric is added to the Metrics System Transaction Application (MSTA).

Questions related to this matter may be directed to Kevin Koch, AQOE at (703) 767-6398, or DSN 427-6398.

A handwritten signature in black ink, appearing to read 'Robert W. Drewes', with a long horizontal flourish extending to the right.

ROBERT W. DREWES  
Major General, USAF  
Commander

Attachment

# DCMC Metrics Guidebook

## 4.1.3 Terminations for Convenience Cycle Time (Terminations Effective 1-1-95 to present)

**Definition:** The average quantity of days required by DCMC to close termination for convenience dockets with a termination effective date of January 1, 1995 and later, i.e. January 1, 1995 to present. The termination effective date is the date the Termination was issued, not the date the termination docket was opened. The average amount will be system generated, and not a user input.

**Population:** All terminations closed by the contract administration office during the reporting period with a termination effective date of January 1, 1995, and later, i.e. January 1, 1995 to present.

**Source:** Data to populate the metric resides in the Termination Automated Management System (TAMS).

**Computation:** Termination for convenience cycle time is measured in days. The cycle time for an individual termination is calculated by subtracting the date the termination was effective (Date Issued by Contracting Officer) from the date the termination docket was closed. *Note: A docket is closed on the date a settlement is executed, or a nonappealable determination is made; all excess funds are released; and the docket is forwarded for incorporation into the official contract file.* The average cycle time is calculated by totaling the individual cycle times for all dockets in this population, and dividing the sum by the total quantity of dockets in this population.

**Stratification:** Termination for convenience cycle time is stratified by District, CAO, Service, Buying Activity, Contractor, and Team.

**Desired Outcome:** The desired outcome is continuous improvement of the process so that the average cycle time to terminate contracts for convenience is reduced without a loss of quality or an increase in cost.

**Data Input Instructions:** Enter the quantities for the data elements listed below into the corresponding cells on the Contract Terminations screen of the DCMC Metrics System Transition Application (MSTA): *Note: The number in parentheses refers to the MSTA cell destination shown within the MSTA Users Guide.*

### Data Elements:

**Dockets Closed (To Be Determined)** - The quantity of termination for convenience dockets the contract administration office forwarded for incorporation into official contract files during the period that had an effective termination date of January 1, 1995 forward, i.e. January 1, 1995 to present day.

**Days to Close Termination Dockets (To Be Determined)** - The total quantity of days required by the contract administration office to close all termination for convenience dockets which were closed during the reporting period that had an effective termination date of January 1, 1995 forward, i.e. January 1, 1995 to present day.

### Data Constraints:

The contract administration office must conscientiously maintain the integrity of the data contained in the Termination Automated Management System (TAMS)

**Process Owner:** Payment, Closeout, and Property Team, AQOE, (703) 767-6398, DSN 427-6398.